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09/453,800	12/03/1999	ANDREW WATSON	CITI0125	3066
75127 7590 07/08/2009 KING & SPALDING LLP (CITI CUSTOMER NUMBER) ATTN: GEORGE T. MARCOU 1700 PENNSYLVANIA AVENUE, NW SUITE 200 WASHINGTON, DC 20006				
EXAMINER KARMIS, STEFANOS				
ART UNIT 3693		PAPER NUMBER		
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.



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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/453,800
Filing Date: December 03, 1999
Appellant(s): WATSON, ANDREW

Michael J. Dimino
For Appellant

EXAMINER'S ANSWER

This communication is in response to the Order Returning Undocketed Appeal to include a new grounds of rejection under 35 U.S.C. 101. The communication is also in response to the appeal brief filed 29 June 2007 appealing from the Office action mailed 12 January 2005.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct. Also, a new grounds of rejection is set forth below.

NEW GROUND(S) OF REJECTION

Claim Rejections - 35 USC § 101

Claims 1-21 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1 recites a process for offering account based services comprising the steps of providing a baseline offer, receiving a first preference, adjusting the first account based service

and providing a modified offer. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101.

To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. Simply reciting a specific machine or a particular transformation of a specific article in an insignificant step, such as data gathering or outputting, is not sufficient to pass the test. Since claim 1 is not tied to another statutory class and does not transform underlying subject matter to a different state or thing, it is rejected under 35 U.S.C. 101. Independent claim 18 is rejected under similar reasoning. Claims 2-13 and 19-21 are dependent claims and are also rejected under similar reasoning.

Regarding claim 14, the preamble recites "a computer system comprising a first computer wherein the first computer comprises: ." The body of claim 14 recites various "modules" in each limitation, including "a firewall module," "applicant module," "checker module," and "an account services building module." Claim 14 is considered non-statutory because the claim is directed towards the modules, which are considered to be software, per se. Functional Descriptive material per se is not statutory. Functional Descriptive material in

combination with an appropriate computer readable medium must be capable of producing a useful, concrete and tangible result when used in a computer system. Since the “modules” lack storage on a medium and there are no instructions in executable form, no underlying functionality occurs and thus the claim is considered nonstatutory.

If Appellant chooses to claim the system, Appellant should recite the structure of the system (i.e. processors, databases, networks.) If Appellant chooses to claim the computer readable medium, the Examiner suggests reciting that the instructions are stored on the computer readable medium and when executed perform the method of...(change the body of claim 14 to method steps). Claims 15-17 are dependent from claim 14 and stand rejected under the same reasoning.

GROUND OF REJECTION NOT ON REVIEW

The following grounds of rejection have not been withdrawn by the examiner, but they are not under review on appeal because they have not been presented for review in the appellant's brief. Claims 1-13 and 18-21 were rejection in the final rejection mailed 12 January 2005 as being unpatentable over Walker'478 in view of Walker'534. These claims have not been presented for review in Appellant's brief.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

5,970,478

Walker et al.

3-1997

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 14-17 remain rejected under 35 U.S.C. 102(e) as being anticipated by Walker et al. (hereinafter Walker'478) U.S. Patent 5,970,478.

Regarding independent claim 14, Walker'478 discloses a computer system comprising a first computer wherein the first computer comprises: a firewall module for determining security parameters (column 4, lines 14-34); an applicant module for collecting data (column 4, lines 41-49 and column 6, lines 28-36); a checker module for determining worthiness parameters in real time in conjunction with a credit rating entity external to the computer system (column 6, lines 12-47 and column 7, line 66 thru column 8, line 5); an account services building module for receiving preference indicator signals indicative of features associated with an account-based service (column 4, lines 41-65 and column 8, lines 22-53).

Claim 15, a network coupled to the first computer (column 4, lines 27-34).

Claim 16, a second computer coupled to the network (column 4, lines 27-34 and Figure 3).

Claim 17, the network includes the World Wide Web (column 4, lines 27-34 and Figure 3).

NEW GROUND(S) OF REJECTION

Claim Rejections - 35 USC § 101

Claims 1-21 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1 recites a process for offering account based services comprising the steps of providing a baseline offer, receiving a first preference, adjusting the first account based service and providing a modified offer. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different

state. Simply reciting a specific machine or a particular transformation of a specific article in an insignificant step, such as data gathering or outputting, is not sufficient to pass the test. Since claim 1 is not tied to another statutory class and does not transform underlying subject matter to a different state or thing, it is rejected under 35 U.S.C. 101. Independent claim 18 is rejected under similar reasoning. Claims 2-13 and 19-21 are dependent claims and are also rejected under similar reasoning.

Regarding claim 14, the preamble recites "a computer system comprising a first computer wherein the first computer comprises: ." The body of claim 14 recites various "modules" in each limitation, including "a firewall module," "applicant module," "checker module," and "an account services building module." Claim 14 is considered non-statutory because the claim is directed towards the modules, which are considered to be software, per se. Functional Descriptive material per se is not statutory. Functional Descriptive material in combination with an appropriate computer readable medium must be capable of producing a useful, concrete and tangible result when used in a computer system. Since the "modules" lack storage on a medium and there are no instructions in executable form, no underlying functionality occurs and thus the claim is considered nonstatutory.

If Appellant chooses to claim the system, Appellant should recite the structure of the system (i.e. processors, databases, networks.) If Appellant chooses to claim the computer readable medium, the Examiner suggests reciting that the instructions are stored on the computer readable medium and when executed perform the method of...(change the body of claim 14 to method steps). Claims 15-17 are dependent from claim 14 and stand rejected under the same reasoning.

(10) Response to Argument

The Examiner summarizes the various points raised by the Appellant(s) and addresses them individually.

Appellant is appealing claims 14-17. Appellant asserts that the claimed invention is not anticipated because Walker'478 fails to disclose a *checker module capable of checking worthiness parameters in real time with a credit rating entity external to the computer system*. Appellant argues that the modem disclosed by Walker'478 has no inherent structure to act as a checker module.

In Response:

The issue here is whether Walker'478 discloses a *checker module for determining worthiness parameters in real time with a credit rating entity external to the computer system*.

Appellant's specification states that modules "may be implemented as hardware, software, firmware or any combination thereof onto computer 2" (page 11, lines 5-6). The central controller disclosed by Walker'478 acts as a checker module, not the modem as suggested by the Appellant. The modem is a component for connecting the various computers in the communication system, however, checking and processing of information is done in the central controller. Walker'478 discloses that the central controller includes a CPU that performs processing functions of the controller as well as read only memory (ROM) for storing some of the program instructions (column 4, lines 14-20). The operations of the central controller are implemented in a computer program that may be installed at the central controller from a

computer readable medium and the stored therein in the data storage device (column 6, lines 13-19 and Figure 7). Walker'478 states that the system in Figure 1 (which discloses the central controller) may be embodied in hardware specifically provided to implement the present invention, through existing hardware, or through existing hardware with software updates (column 3, line 62 thru column 4, line 8 and Figure 1). Therefore the central controller disclosed by Walker'478 contains the structure to act as a checker module in accordance with Appellant's specification.

Claim 14, states a *checker module for determining worthiness parameters in real time in conjunction with a credit rating entity external to the computer system* and Appellant states in the arguments of the Appeal Brief that the *checker module is capable of checking worthiness parameters in real time in conjunction with a credit rating entity external to the computer system* (page 8). In interpreting the claim, it is only necessary that Walker'478 disclose a checker module capable of checking functions since the functions are not actively performed in the claim. The structure of the central controller disclosed in Walker'478 is capable of *checking worthiness parameters in real time in conjunction with a credit rating entity external to the computer system* since it conforms to the module teachings of the specification as discussed above.

Even though, Walker'478 need only disclose a checker module capable of performing checking functions, the central controller of Walker'478 actually performs the checking functions described in claim 14. Walker'478 discloses that the central controller receives credit card parameters and customer parameters stored in a customer database (column 6, lines 20-28). The customer parameters include a customer rating which is based on information obtained from

a credit-reporting agency such as TRW or EQUIFAX (column 6, lines 29-41). The central controller calculates the price of modifying an account based on the credit card parameters and the customer parameters such as the customer rating from the customer database (column 6, lines 48-52 and column 7, lines 66 thru column 8, line 5). Walker'478 discloses an example where price may be tripled for customers with a bad credit rating, doubled for customers with an average credit rating and left unchanged for customers with a good rating (column 7, lines 66 thru column 8, line 5). This disclosure from Walker'478 anticipates how credit worthiness parameters are checked for building account services as described in claim 14 and as discussed in the operations of the checker module in the specification (page 9, line 5 thru page 10, line 10). Therefore Walker'478 does anticipate a *checker module for determining worthiness parameters in real time in conjunction with a credit rating entity external to the computer system*.

Appellant has not provided separate arguments pointing out why each of dependent claims 15-17 are separately patentable. Therefore dependent claims 15-17 stand or fall with the arguments regarding independent claim 14.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

This examiner's answer contains a new ground of rejection set forth in section (9) above. Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid *sua sponte* **dismissal of the appeal** as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

Respectfully submitted,
/Stefanos Karmis/
Primary Examiner, Art Unit 3693
8 July 2009

A Technology Center Director or designee must personally approve the new ground(s) of rejection set forth in section (9) above by signing below:

/Wynn W. Coggins/
Director, TC 3600

Conferees:

James A. Kramer /JAK/
Supervisory Patent Examiner, Art Unit 3693

Vincent Millin /vm/
Appeals Conference Specialist
